

County of Los Angeles
DEPARTMENT OF PUBLIC SOCIAL SERVICES

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BRYCE YOKOMIZO
Director



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September 16, 2004

TO: Each Supervisor

FROM: Bryce Yokomizo, Director

SUBJECT: **THIRD AND FINAL ONE-YEAR RENEWAL OF THE GAIN CASE
MANAGEMENT CONTRACTS WITH MAXIMUS, INC., AND ACS STATE
AND LOCAL SOLUTIONS, INC.**

This is to inform your Board that I plan to amend the GAIN Case Management (GCM) contracts with MAXIMUS, Inc., and ACS State and Local Solutions, Inc., by exercising the third and final one-year Board-delegated option to extend the contract term from October 1, 2004 through September 30, 2005.

Background

On July 11, 2000, your Board instructed the Director of the Department of Public Social Services to negotiate and execute GCM contracts with MAXIMUS, Inc., for GAIN Region VII (East Valley) and ACS State and Local Solutions, Inc., (formerly Lockheed Martin IMS) for GAIN Region II (West Valley). The contracts were executed for two years, effective October 1, 2000, with Board-delegated authority for me to renew each contract for up to three additional one-year periods by amending the contracts to reflect such renewal(s). The first one-year renewal was executed effective October 1, 2002 and expired September 30, 2003. The second one-year renewal was executed effective October 1, 2003 and will expire September 30, 2004.

Cost Effectiveness

The contracts, together and individually, continue to be cost effective for the upcoming renewal period. The Auditor-Controller (A-C) has reviewed the methodology used in the Department's cost analysis. While the A-C's review did not include a detailed analysis of the Department's estimates of staffing and workload, the A-C found the methodology used to be reasonable.

It should be noted that, while the cost analysis indicates that it continues to be cost effective to contract, the estimated savings in Region II are only 5 percent. Because the cost estimates are based on estimates and projections, the actual savings may be more or less than estimated.

"To Enrich Lives Through Effective And Caring Service"

Contractor Performance

Both ACS and MAXIMUS have performed well in assisting participants in obtaining jobs with better than average entry-level wages, in providing post-employment services and in their responsiveness to the County's reporting needs. On job placements, MAXIMUS has performed very well, while ACS has performed satisfactorily.

However, both contractors had deficiencies in the areas of timely processing of participants across GAIN components, ensuring proper documentation is filed in the GAIN case record, and ensuring supportive services such as transportation are referred timely. The contractors have submitted corrective action plans that will yield better results. We anticipate further improvements in the coming months as both contractors are strengthening their monitoring of all performance standards.

Proposed Amendment Changes to Improve Performance

The proposed extension amendment will strengthen contract provisions to ensure greater contractor accountability for all contract standards.

We are in negotiations with the contractors to include a new condition making any financial bonuses related to job placements and average entry level wage contingent on satisfactory performance in all performance service standards. Thus, if a contractor excels on placements and wages but fails in other standards, they would no longer receive a financial bonus.

The amendment will be cleared by County Counsel and the CAO. A copy of the amendment will be filed with the Executive Office within fifteen days of execution.

BY:jj

c: Executive Officer, Board of Supervisors
 Auditor-Controller
 Chief Administrative Officer
 County Counsel